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## *The Public Service Commission State of South Carolina*

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June 24, 2008

Catherine E. Heigel, Esquire  
Assistant General Counsel  
Duke Energy Carolinas, LLC  
EC03T/ P.O. Box 1006  
Charlotte, NC 28201-1006

Re: Letter of May 15, 2008 on Carolinas Carbon Offset Program (SC) Tariff

Dear Catherine:

We are in receipt of your letter of May 15, 2008 on the Carolinas Carbon Offset (SC) Tariff, and I must admit to some puzzlement. You do not ask for approval of the tariff by the Public Service Commission of South Carolina, but, in fact, state that the letter is for information. You state that the tariff is to be made available to South Carolina customers on a voluntary basis effective July 1, 2008. Are you taking the position that no approval by the Commission is necessary? If so, please state your basis for that position.

The Commission Staff also has some additional informational questions. Why is the South Carolina program being provided through the NC GreenPower program? Why is the proposed tariff not associated with South Carolina's Palmetto Clean Energy (PaCE) program? If PaCE does not cover carbon offsets, would Duke provide the proposed new tariff through PaCE if and when that South Carolina program offers carbon offsets?

While we are all concerned about our carbon footprint and cost-effective steps to reduce that footprint should be encouraged, we do not understand Duke's position on this new tariff. Please reply to our inquiry as soon as possible.

[Type text]

Catherine E. Heigel, Esq.

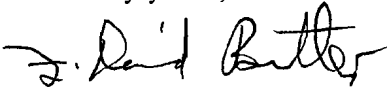
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Thank you for your consideration in these matters. If there are questions, please let me know in a manner that includes the Office of Regulatory Staff.

Sincerely yours,



F. David Butler  
Senior Counsel

cc: John Flitter, ORS  
Lessie Hammonds, Esquire, ORS  
✓ Phil Riley, PSCSC  
James E. Spearman, PSCSC

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